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SARDAR PATEL UNIVERSITY

**BBA (II Semester) Examination
UM02CBBS05 - Corporate Accounting
Monday, 24 February 2014; 2.30 - 4.30 pm**

Total Marks: 60

- Q:1 a) What is the meaning of Share? Explain types of share and share capital. (07)
b) Provisions relating to Issue of share at Par, Premium and Discount. (05)
c) Write a note on pro – rata allotment of shares. (03)

OR

- Q:1 Raj Ltd issued a prospectus inviting applications for 50,000 equity Shares of Rs. 10 each at a premium of Rs. 2.50 payable as under. (15)

On Application	Rs. 2
On Allotment	Rs.4.50 (with premium)
On first Call	Rs. 4
On Final Call	Rs. 2

Applications were received for 75,000 shares and allotment made pro-rata to the application of 50,000 shares and remaining applications were refused and amount was refunded. Money overpaid on applications was transferred to allotment account.

Samita to whom 100 shares were allotted failed to pay the allotment money and Namrata to whom 150 shares were allotted failed to pay last two calls. These shares were Forfeiting after making second call. All forfeited shares were reissue at Rs. 8 per share to Mrs. Susmita.

Pass necessary journal entry in the books of the company.

- Q:2 a) What do you mean by the term 'Debenture'? Explain the kinds of Debentures. (06)
b) Difference between Share and Debenture. (05)
c) On 1-4-2009 Bhavana Ltd. Issued 7,500, 10% Debentures of Rs.100 each issue at 5% discount but redeemable at Rs.110 on 31-04-2012. Give Journal entries for issue and redemption of debentures. (04)

OR

- Q:2 a) The Following three alternatives have been given to redeem 5,000, 8% Debenture of Rs. 100 each at 5% premium. (08)

- 1) Payment in cash.
- 2) 10% Redeemable preference share to be issue at Rs. 120 (Face value of Rs. 100)
- 3) 9% new debenture of Rs. 100 each at Rs. 90.

Holder of 2,000 debenture accepted preference share, holder of 1,800 debenture holder accepted the offer of 9% new debenture and rest are accepted cash. Record necessary journal entry in the books of company. Calculations are part of your answers.

- b) On 1-1-2009 Bhavana Ltd. issue 6,000, 8% debenture of Rs. 100 each at a discount (07) of 6%. Accounting year of the company ends on 31st December. The debenture were redeemed as under:

Date	No. of debenture redeemed
31-12-2010	2,400
31-12-2011	1,800
31-12-2012	1,200
31-12-2013	600

Prepare debenture discount account in the books of the company.

Q:3

The Following is the balance sheet of Akshar LTD. as on 31-03-2012.

(15)

Balance Sheet

Liabilities	Amt.Rs.	Assets	Amt.Rs.
4,000, 8% Red. Pref. Share of Rs. 100 each, fully paid up	4,00,000	Fixed Assets	18,00,000
3,000, 9% Red. Pref. Share of Rs. 100 each, Rs. 80 paid up.	2,40,000	Cash & Bank	6,60,000
1,00,000, Equity share of Rs. 10 each fully paid up	10,00,000		
Share Premium	50,000		
Current Liabilities	2,70,000		
Revenue Reserve	5,00,000		
	24,60,000		24,60,000

It was to r—edeem both the classes of preference shares on 30th June at a premium of 5%. In may 2011 the company issue 20,000 equity share of Rs. 10 each as were necessary share of redemption of both the classes of preference share which could not otherwise redeemed. The issue was fully subscribed and all the money was received. Pass necessary journal entries in the books of the company and prepare Balance Sheet.

OR

- Q:3 a) What is the meaning of preference share? Explain the types of preference shares. (05)
b) What is the meaning of bonus share? Explain the Guidelines and Sources. (05)
c) Write Performa Journal entry in books of the company for the issue, redemption and issue the bonus share with imaginary figure. (05)
- Q:4 a) Write a note on Contingent liabilities. (03)
b) Write a note on Preliminary Expenses. (02)
c) Write format of P & L Appropriation account and Balance sheet (Horizontal Format) with imaginary figures. (10)

OR

- Q:4 From the following information of Pushpak Ltd., Prepare Trading account, Profit & loss account, Profit & loss appropriation account for the year ended on 31st March 2012 and Balance sheet as on that date as require under schedule VI of the Companies Act, 1956. (15)

Adjustments:

1. Deprecate plant and machinery by 15%.
2. Write off Rs. 5,000 from preliminary expenses.
3. Half year's debenture interest is due.
4. Create 5% provision for bad debts on debtors.
5. Provide for income tax Rs. 1,80,000.
6. Stock on 31/12/2012 was Rs. 9,50,000.
7. A claim of Rs. 30,000 for workmen's compensation is being disputed by the company.

Trading Account

Name of the Account	Dr. Rs.	Cr. Rs.
Premises	30,72,000	
Plant & Machinery	33,00,000	-
Stock (1-04-2011)	7,50,000	-
Debtors and Creditors	8,70,000	6,00,000
Goodwill	2,50,000	-
Cash & Bank balance	4,06,500	-
Calls in arrears & share capital	75,000	40,00,000
12% Debentures	-	30,00,000
Interim dividend paid	3,92,500	-
Purchase & sale	18,50,000	41,50,000
Preliminary Expenses	50,000	-
P & L A/C (1.04.2011)	-	2,62,500
Wages	9,79,800	-
General expenses	68,350	-
Salaries	2,02,250	-
Bills receivable and bills payable	2,00,000	3,70,000
Bad debts	21,100	-
Debenture interest paid	1,80,000	-
General reserve	-	2,50,000
Provision for Bad debts 1-04-2011	-	35,000
	<u>1,26,67,500</u>	<u>1,26,67,500</u>

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